

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

EPIC SYSTEMS CORPORATION,

Plaintiff,

v.

Civil Action No. 06-255

ACACIA RESEARCH CORPORATION and
RESOURCE SCHEDULING
CORPORATION,

Defendants.

DECLARATION OF KENNETH J. HANSEN

I, Kenneth J. Hansen, hereby declare as follows under penalty of perjury and pursuant to 28 U.S.C. § 1746:

1 I am General Counsel for Plaintiff, Epic Systems Corporation ("Epic").

As such, I have personal knowledge of the facts stated herein.

2 Attached as Exhibit 1 is a true and correct copy of the letter received by Epic from Acacia Research Corporation on March 24, 2006

3 Attached as Exhibit 2, is a true and correct copy of the "Claim 1 Chart for US Patent 4,937,734" that was referenced in, and enclosed with Exhibit 1

Dated this 22nd day of May, 2006

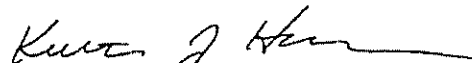

Kenneth J. Hansen

Exhibit 1



Edward J. Treska
Vice President, Licensing
Telephone (949) 480-8318
Fax (949) 480-8391
Email: etreska@acaciares.com

Via FedEx

MAR 24 2006

March 23, 2006

Ms. Judy Faulker
President and CEO
Epic Systems Corporation
1979 Milky Way
Verona, WI 53593

Re: U.S. Patent No. 4,937,743

Dear Ms. Faulker,

Acacia is a publicly traded (Nasdaq:ACTG) patent licensing company located in Newport Beach, California (www.acaciatechnologies.com). Acacia controls over 40 patent portfolios in various technology disciplines. Acacia, through its subsidiaries, licenses and enforces patents and shares the revenues with inventors that do not have the resources to commercialize their patented inventions or take action against infringing market activity.

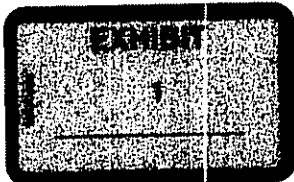
The '743 Patent

Our subsidiary company, Resource Scheduling Corporation, owns the rights to license and enforce U.S. Patent No. 4,937,743 entitled "Method and System For Scheduling, Monitoring And Dynamically Managing Resources (the "'743 Patent"). In 1985, the inventor of the '743 Patent, Dr. William Rassman, founded and ran IntelliMED Corporation to develop advanced software and methods for enterprise resource management. The revolutionary aspects described in the '743 Patent are applicable and are used in a variety of industries, including the healthcare industry, where resource management is an important function of business operations.

The '743 Patent describes methods for scheduling, monitoring, and managing multiple resources using a computer system. These methods apply to resource scheduling solutions like those offered by Epic Systems to the healthcare industry. We have reviewed descriptions and information about Epic Systems' Cadence product and believe the manufacture and sale of this product is covered under the '743 Patent and requires a license. A sample claim chart showing our analysis of Claim 1 of the '743 Patent applied to Cadence is enclosed. Additional software products and solutions offered by Epic Systems, including Epic's Optime OR Scheduler product, may also be covered by the '743 Patent.

Recently, Resource Scheduling Corporation initiated litigation against several companies in the healthcare industry for infringement of the '743 patent. This litigation is pending in Texas Federal Court and we intend to add additional parties to the litigation that continue to manufacture and sell unlicensed products covered by the '743 Patent.

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949.480.8300 949.480.8301 (fax)
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Licensing Options

Acacia's preference is to license its intellectual property at reasonable rates and amicably resolve patent infringement matters. To do so, we provide alleged companies and infringers with sufficient materials up front to accelerate the necessary evaluation of any infringement claims. To assist in your evaluation, I have enclosed (i) a copy of the '743 Patent; (ii) a copy of the previously referenced claim chart; and (iii) a CD containing the file history of the '743 Patent. This should enable you and your patent counsel to quickly assess the allegations made in this letter.

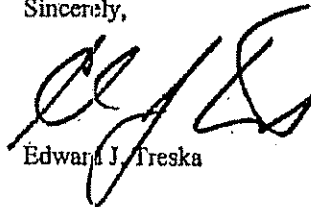
Acacia is prepared to license the '743 Patent to your company under very favorable terms at this point in our licensing and enforcement campaign. We propose a fixed payment royalty for past sales of covered products and either an ongoing royalty or fixed fee for future sales of covered products through the expiration of the '743 Patent, which is in September 2007. Typically, the royalty rates we offer will increase over time and as our litigation progresses.

Within 30 days, I would like to set up an appointment to review your findings and discuss licensing options in more detail. In the interim, please contact me if you have any questions

I look forward to your earliest possible response.

Thank you.

Sincerely,

A handwritten signature in black ink, appearing to read 'E. Treska', is written over the printed name.

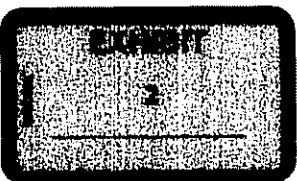
Edward J. Treska

enclosures

Exhibit 2

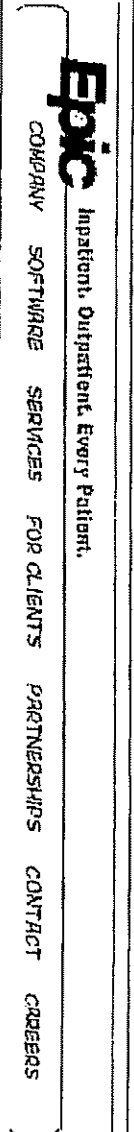
Confidential Under FRE 408
Claim 1 Chart for US Patent 4,937,743

<u>'743 Patent – Claim 1 Limitations</u>	<u>Corresponding Activity of Epic – Enterprise Scheduling - Cadence</u>
creating a data base of information about at least one of said resources; at least some of which information is independent of said temporal relationships between resources;	The Epic enterprise scheduling solution – Cadence contains a database of information about resources that may be independent of time. For example, information such as skills, credentials, classes, meetings, vacations, team associations, and equipment required for a doctor or procedure are stored and utilized in Cadence. This information is independent of temporal relationships between resources.
prospectively scheduling utilization of at least some of said primary resources and at least some of said secondary resources;	The Epic enterprise scheduling solution – Cadence contains interfaces to allow the user to schedule the utilization of resources.
displaying, in graphical fashion, the prospectively scheduled utilization of at least some of said resources;	The Epic enterprise scheduling solution – Cadence allows for the graphical display of the prospectively scheduled utilization of some resources.
determining whether any of said scheduled utilizations of one of said resources is incompatible with any of the information in said data base; and	The Epic enterprise scheduling solution – Cadence checks the data base to determine if any of the scheduled utilizations of resources is incompatible with any of the information in the data base. Although a conflict can be overridden, the user is reminded of the conflict by conflict indicia.
communicating, by means of conflict indicia, the existence of any said incompatible scheduled utilizations.	<p>Our enterprise scheduling system serves as an intelligent partner for users, providing context-specific instructions, conflict checking, and solutions for complicated appointment searches. Comprehensive rules-based scheduling features accommodate the needs of each clinician, room, and piece of equipment, optimizing the use of staff and capital resources throughout your organization.</p> <p>(See http://www.epicsys.com/Software/Access.php#cadence)</p> <p>Once an incompatibility of scheduled utilizations is determined, it needs to be communicated to the user. This is communicated by means of conflict indicia. For example, if a resource's capacity is exceeded, conflict indicia such as a red shade over an icon will indicate this incompatible scheduled utilization.</p>



Confidential Under FRE 408
 Claim 1 Chart for US Patent 4,937,743

Prepared For Epic

'743 Patent – Claim 1 Limitations	Corresponding Activity of Epic – Enterprise Scheduling - Cadence
<p>1. A method of prospectively planning utilization of a multiplicity of related resources using a computer having a memory, including the steps of</p>	<p>The Epic enterprise scheduling solution - Cadence contains methods for prospectively planning utilization of a multiplicity of related resources. These software solutions run on computers and thus inherently use a computer having memory.</p> <div data-bbox="867 703 999 1827">  </div> <p>Cadence® makes it easy for users to schedule any type of visit or procedure from anywhere in your organization. It also enhances your ability to keep appropriate slots open, take patient preferences into account, and deliver high-quality service that will distinguish your organization in today's competitive healthcare marketplace.</p> <p>(See http://www.epicvs.com/Software/Access.php#cadence)</p>
<p>identifying some of said resources as being primary, and other resources as being secondary;</p>	<p>The Epic enterprise scheduling solution - Cadence contains modes of operation whereby resources are identified as primary and secondary. For example the software allows doctor schedules to be view. Equipment resources may also be displayed. Resources displayed in this manner are consistent with identifying them as primary and secondary.</p>
<p>establishing temporal relationships between at least some of said resources;</p>	<p>The Epic enterprise scheduling solution - Cadence provides users with the ability to establish temporal relationships between resources. Personnel work schedules are arranged based on abilities, preferences and rules. The schedules among hospital staff, or resources, are a function of, among other things, hourly limitations.</p> <p>Our enterprise scheduling system serves as an intelligent partner for users, providing context-specific instructions, conflict checking, and solutions for complicated appointment searches. Comprehensive rules-based scheduling features accommodate the needs of each clinician, room, and piece of equipment, optimizing the use of staff and capital resources throughout your organization.</p> <p>(See http://www.epicvs.com/Software/Access.php#cadence)</p>

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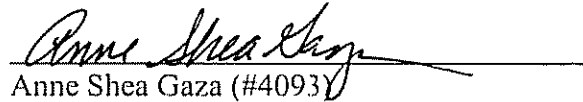
CERTIFICATE OF SERVICE

I hereby certify that on May 23, 2006, I caused to be served by hand delivery the foregoing document and electronically filed the same with the Clerk of Court using CM/ECF which will send notification of such filing(s) to the following:

Kathleen Jennings-Hostetter, Esquire
Karen V. Sullivan, Esquire
Oberly & Jennings
800 Delaware Ave., Suite 901
P.O. Box 2054
Wilmington, DE 19899-2054

I hereby certify that on May 23, 2006, I caused to be sent by Federal Express the foregoing document to the following non-registered participant:

Jonathan T. Suder, Esquire
Edward E. Casto, Jr., Esquire
Christie B. Lindsey, Esquire
Friedman, Suder & Cooke
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Forth Worth, TX 76102


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